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Peter C. McCarthy, TEP
President and Chief Executive Officer

September 17, 2008

Dear Valued Partner:

The recent activity in the financial markets this week has been nothing less than extraordinary. I know many of you have questions about your customers' policies and about placing future business with AIG Life of Canada. Please rest assured that many people at our parent company AIG Inc., have been working extremely hard to improve its financial performance, which has been so adversely affected by unrealized market losses on its investments tied to U.S. housing and credit markets.

An important step in the process was to resolve AIG Inc's short-term liquidity pressures. On September 16, the AIG Board of Directors announced it has approved a two-year, \$85 billion secured revolving credit facility provided by the Federal Reserve Bank of New York. This credit facility will ensure AIG Inc. can meet its liquidity needs and is the best alternative for stakeholders, including policy holders. Further details on this announcement together with some Q&A material for your reference are included in the attachments.

It is important to note that the AIG domestic life insurance companies, including AIG Life of Canada, have always been solvent and maintain sufficient capital to meet the obligations to their policyholders. AIG has strong, well-positioned businesses in diverse markets around the world and a deep asset base. As of June 30, 2008, AIG's assets exceed \$1 trillion and it operates in 130 countries and jurisdictions around the world.

The important message that we want to convey to you and our policyholders, who are looking to us both for reassurance, is that their **AIG Life of Canada** policy is safe. Some points to share with policyholders are:

- Their policy with AIG Life of Canada is safe and secure.
- AIG Life of Canada is a separate legal entity that operates only in Canada. It remains a strong, secure, well-capitalized business.
- Insurance is a highly regulated industry and AIG's insurance subsidiaries in Canada and around the world are subject to stringent regulation in their home countries to ensure that they maintain enough capital and surplus to satisfy their obligations to their policyholders.
- In Canada, the Office of the Superintendent of Financial Institutions for Canada ("OSFI") regulates Canadian insurance companies for regulatory compliance and financial solvency. This includes ongoing financial reporting to OSFI and undergoing periodic financial examination. OSFI regulates AIG Life of Canada.
- AIG Life of Canada maintains assets, capital and surplus significantly greater than OSFI's requirements. These assets, capital and surplus are in Canada.
- AIG Life of Canada has no investments in U.S. sub-prime mortgages, which have caused the credit crisis, nor any investments in Canadian Asset Backed Commercial Paper (ABCP).

- AIG Life of Canada's financial strength ratings remain competitive and continue to represent a strong ability to meet its financial obligations to policy holders.

Financial Strength Ratings as at Sept 15, 2008: AIG Life Insurance Company of Canada
Standard & Poor's Rating Services (S&P) A+ (Strong)
A.M. Best Company A (Excellent)

- Financial Facts as of June 30, 2008 for the combined AIG life companies in Canada*:

Assets	\$ 3.2 Billion
Policyholder's & Shareholder's Equity	\$ 411.6 Million
Total Revenue (for the six month period)	\$ 571.4 Million
Net Income (for the six month period)	\$ 29.8 Million

*AIG Life Insurance Company of Canada and AIG Assurance Canada

I hope that this input is helpful in assisting you in your communication with our mutual clients. Furthermore, on behalf of all AIG Life of Canada employees we thank you for your patience and understanding. We trust that we will retain your complete confidence in recommending AIG insurance to your clients. As always, AIG Life of Canada is open for business. AIG Life of Canada has the strength, resources and commitment to meet the promises we have made to our customers.

Should you have any additional questions or concerns please do not hesitate to contact us. We thank you for your continued support of AIG Life of Canada.

Sincerely,



Peter C. McCarthy, TEP
President and Chief Executive Officer



September 17, 2008

Frequently Asked Questions

Q. Why did the Federal Reserve Bank give AIG access to money?

A. On September 16th, the Federal Reserve Bank (Fed) agreed to provide AIG Inc. with a bridge loan for \$85 Billion. The transaction was approved in order to help AIG with its short-term liquidity needs. The loan will be paid back over the next two years.

Q. Why did they have to do this?

A. Due to the upheaval in the capital markets and issues in the U.S. housing market, AIG was in need of liquidity. The AIG Board approved the transaction because it was the best solution for all of AIG's constituencies, including policyholders.

Q. Is my policy safe?

A. The AIG domestic life insurance companies, including AIG Life of Canada have always been solvent and maintain sufficient capital to meet the obligations to their policyholders. This loan will provide additional security to ensure that the parent, AIG Inc, has the resources to meet its obligations.

Q. Is there a new CEO of AIG?

A. AIG Chairman and Chief Executive Officer, Robert Willumstad, has resigned his position with AIG. Edward M. Liddy, former Chairman of the Allstate Corporation, has been named AIG's new Chief Executive Officer.

Q. I heard AIG has been downgraded?

A. On September 15, 2008, independent rating agencies downgraded the financial strength ratings of AIG Life of Canada, in addition to American International Group, Inc. (AIG) and many of its subsidiaries:

Financial Strength Ratings: AIG Life Insurance Company of Canada

A.M. Best Company downgraded the financial strength rating one notch to A (Excellent) from A+ (Superior).

Standard & Poor's Ratings Services (S&P) downgraded the financial strength rating to A+ (Strong) from AA.



Independent ratings agencies, such as A.M. Best and Standard & Poor's, provide opinions on an organization's ability to meet its financial obligations to its policy holders, creditors and shareholders. In particular financial strength ratings are an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policy holders.

AIG Life of Canada's financial strength ratings remain competitive and continue to represent a strong ability to meet its financial obligations to policy holders.

A.M. BEST COMPANY	COMPANY NAME	STANDARD & POOR'S
A++	Manufacturers Life Insurance Company	AAA
A++	Sun Life Assurance Company of Canada	AA+
A+	Canada Life Assurance Company	AA
A+	Great-West Life Assurance Company	AA
A	AIG Life Insurance Company of Canada	A+
A	Empire Life Insurance Company	Not Rated
A	Industrial Alliance Insurance & Financial Serv Inc.	A+
A	RBC Life Insurance Company	Not Rated
A-	Transamerica Life Canada	BBB
Not Rated	Equitable Life Insurance Company of Canada	Not Rated

Financial Strength Ratings as of September 16, 2008. Subject to change. Visit www.aiglife.ca for AIG Life of Canada ratings.

Q. What is AIG doing to address the current situation?

A. This past year has been very troubling for the financial markets and many fine companies, including AIG, have been impacted. AIG has undertaken a comprehensive review of all its businesses with a goal of improving results, reducing AIG's risk profile and protecting its capital base.

The insurance policies written by AIG companies are direct obligations of its regulated insurance companies around the world. These companies are well capitalized and meet or exceed local regulatory capital requirements. And these companies continue to operate in the normal course to meet obligations to policy holders.

Recent events do not change our continuing commitment to providing our clients with world-class coverage and the highest levels of service. It is important to note that AIG's core operations remain sound and that we have strong franchises that provide valuable



products and services that are much needed by Canadians and consumers world-wide. In addition, we continue to remain absolutely committed to fulfilling the long-term financial obligations to our customers. The AIG companies are fully committed to meeting the needs of their customers around the world.

Q. I've heard that AIG is borrowing money. Can you tell me why?

A. AIG has received a bridge loan from the Federal Reserve Bank to improve its short term liquidity position. By having more liquidity, AIG will have the ability to meet its immediate obligations and take the appropriate amount of time to review its strategic direction and give AIG the time to conduct asset sales in an orderly manner.

Q. Should I be concerned about my policy?

A. Insurance is a highly regulated industry. Life insurance companies doing business in Canada are federally regulated by the Office of the Superintendent of Financial Institutions (OSFI), and required to maintain enough capital and surplus to satisfy their obligations to their policy holders. OSFI regulations are stringent and designed to preserve and enhance the solvency of the life insurance company as well as to assure that the contractual obligations to policy holders are fulfilled.

Although various companies owned by AIG are part of a larger insurance holding company system, each company is individually responsible for the liabilities associated with the business that it sells. AIG Life of Canada is a separate legal entity operating only in Canada and is regulated by OSFI for compliance and financial solvency independent of its parent or affiliates. This includes ongoing financial reporting to the regulator and undergoing periodic financial examination.

AIG Life of Canada maintains assets, capital and surplus significantly greater than OSFI's requirements and these assets, capital and surplus are held in Canada.

It is also important to note that AIG Life of Canada has no investment in U.S. sub-prime mortgages which have caused the credit crisis, nor any investment in Canadian Backed Commercial Paper (ABCP).

Q. What are some key facts about the AIG life companies in Canada?

A. AIG Life of Canada is one of Canada's leading providers of universal life and term life insurance distributed through independents advisors across Canada (#8 in new life insurance sales for 2007, source LIMRA).

AIG Life of Canada is a leading provider of Single Premium Immediate Annuities (including Structured Settlement Annuities) in Canada (#2 in SPIAs for 2007, source LIMRA).



Under the AIG Assurance brand, AIG is one of the leading providers of special accident and health insurance coverage sold direct to Canadian consumers.

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* AIG Life Insurance Company of Canada and AIG Assurance Canada

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**AIG STATEMENT ON ANNOUNCEMENT BY FEDERAL RESERVE BOARD
OF \$85 BILLION SECURED REVOLVING CREDIT FACILITY**

ADDRESSES LIQUIDITY ISSUES AND POLICYHOLDER CONCERNS

NEW YORK, September 16, 2008 - The Board of Directors of American International Group, Inc. (NYSE:AIG) issued the following statement in response to today's announcement by the Federal Reserve Board that the Federal Reserve Bank of New York is providing a two-year, \$85 billion secured revolving credit facility to AIG that will ensure the company can meet its liquidity needs:

“The AIG Board has approved this transaction based on its determination that this is the best alternative for all of AIG’s constituencies, including policyholders, customers, creditors, counterparties, employees and shareholders. AIG is a solid company with over \$1 trillion in assets and substantial equity, but it has been recently experiencing serious liquidity issues. We believe the loan, which is backed by profitable, well-capitalized operating subsidiaries with substantial value, will protect all AIG policyholders, address rating agency concerns and give AIG the time necessary to conduct asset sales on an orderly basis. We expect that the proceeds of these sales will be sufficient to repay the loan in full and enable AIG’s businesses to continue as substantial participants in their respective markets. In return for providing this essential support, American taxpayers will receive a substantial majority ownership interest in AIG.

“We commend the Federal Reserve and the Treasury Department for taking this decisive action to address AIG’s liquidity needs and broader financial market concerns. We thank them for their leadership during this critical time for the global financial markets. We also thank Governor Paterson, Commissioner Dinallo, Commissioner Ario, the other state Commissioners, and the Office of Thrift Supervision for their willingness to assist AIG.

“Policyholders of AIG companies around the world can rest assured that AIG’s commitments will continue to be honored.”

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AIG Statement on Announcement by Federal Reserve Board...

September 16, 2008

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It should be noted that the remarks made in this press release may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007, and in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Quarterly Report on Form 10-Q for the period ended June 30, 2008. AIG is not under any obligation (and expressly disclaims any such obligations) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

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American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

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